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1993 Feature Article - Population Changes and Housing Demand

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INTRODUCTION

Changes in the composition and location of the population and the structure of households have a major impact on the housing requirements of Australian society. However, housing factors can influence demographic changes. For example, reduced affordability and availability of housing may necessitate the change to dual income households or cause a decline in household formation and even birth rates. As well, there are other factors of importance to the demand for housing, such as household income and public housing waiting lists, which are outside the scope of this paper, hence studies of demographic changes and resulting projections need to be supplemented by further analysis to confidently predict future demand for housing.

This paper summarises the main demographic changes which have occurred in Australia, particularly over the past decade or so, which have an impact on the demand for housing. It also contains some results from recent surveys on people's preferences for types of housing and location, and their attitudes to housing and residential development, which give some insight into why people move residence.

POPULATION GROWTH

In the 1980s, Australia's population rose from just under 15 million to just over 17 million. The average rate of growth was 1.5 per cent per year, three quarters of the average rate of growth of 2 per cent per year for the period 1945 to 1980.

The source of population growth is important in anticipating housing needs. For example, resident families with new babies generally have very different needs from those of new immigrants. A baby becomes part of an existing household, even though it can affect the housing needs of that household. An immigrant is more likely to form a new household on arrival and require additional housing.

The main source of Australia's population growth since the turn of the century has been natural increase (the excess of births over deaths), which has contributed two-thirds of the overall growth in the last 90 years. Net overseas migration gain made up the other one-third and has been an important influence in shaping the character of today's Australia.

Natural increase

The rate of natural increase has been decreasing since about 1960, and continued to decline slowly but steadily throughout the 1980s and into the 1990s (from 0.9 per cent in 1981 to 0.8 per cent in 1992). Although the number of women of child bearing age increased over this period, the

number of children per woman (fertility rate) has been falling, from over 3 in the 1960s, to less than 2 in 1992. The crude birth rate (births per 1,000 population) has consequently been falling since peaking during the period 1947 to 1960; the so called 'baby boom' era. The crude death rate (deaths per 1,000 population) has been declining steadily for a long time, with a greater rate of decline since the 1970s.

Overseas migration

With the exception of colonial times, the increase in the population of Australia due to immigration has historically been less than that due to natural increase. However, in the 1980s the increase in the population due to net migration accounted for nearly 1.1 million, just below the natural increase of 1.3 million, and was greater in some years than the natural increase.

Immigration levels are dependent on variations in immigration policy, which changes according to the political and economic climate in Australia and overseas. The effect of net immigration is more unpredictable than natural increase in the estimation of future population and hence housing requirements.

Despite a recent increase in the median age of settlers (ie the age that half of the settlers were younger than, and half older), largely due to an increase in the proportion of settlers in the family migration category, the age composition of new arrivals has been younger than that of the total Australian population. The relatively high proportions of immigrants in the 0-9 and 20-34 years age groups reflect the large proportion of young families migrating.

AN AGEING POPULATION

Age structure is an important factor in determining the housing requirements of a population, as different age groups have varying housing needs. For example, the elderly are the group most likely to live in one person households (in the 1991 Census, 41 per cent of all persons who lived alone were at least 65 years old) and one person households are more likely than other households to live in dwellings other than separate houses (56 per cent of persons who lived alone were in dwellings other than separate houses).

In the first half of the 20th century, the median age of the population rose steadily, from 22.5 years in 1901 to 30.7 years in 1947. It then decreased during the 1950s and 1960s because of both the high fertility and high level of immigration during the period. It then resumed its steady increase in the 1970s.

In 1992, the median age of the population was 32.7 years. Reflecting the 'baby boom' of the post-war period to the mid 1960s, 31 per cent of the population were 25-44 years old. The proportion of the population aged 65 and over increased from 4 per cent in 1901 to 11 per cent by 1992, whereas those aged under 15 have decreased from 35 per cent to 22 per cent.

Throughout this century there has been a constant increase in life-expectancy. For males, the life expectancy at birth has changed from 55.2 years at the start of the century to 74.5 in 1992. For females, life expectancy at birth has increased from 58.8 to 80.4 years over the same period. Females can expect to live longer than males, and this is one of the reasons for an increase in the proportion of one person households mentioned earlier.

POPULATION DISTRIBUTION

Australia's population is concentrated in coastal areas, especially in the south east corner of the continent. The two States involved, New South Wales and Victoria, are the most populous, accounting for 60 per cent of the population in 1992.

While the population of each State and Territory continues to increase, there have been variations in the rate of growth with Queensland, Western Australia and the Australian Capital Territory growing the fastest in recent years. The contribution to growth rates from interstate migration was greatest in Queensland and the ACT, with the majority of arrivals coming from NSW and Victoria (see Table 1); the contribution to growth rates from overseas migration was greatest in Western Australia.

TABLE 1. COMPONENTS OF POPULATION GROWTH(a) 1981-91

State/Territory	Population growth ('000)	% Points of 1981-91 Growth Attributed to			
		Natural increase	Net overseas migration	Net interstate migration	Total increase
NSW	663.8	8.1	8.3	-3.5	12.7
Vic	473.5	7.9	7.1	-2.7	12.0
Qld	615.7	9.7	5.4	11.0	26.3
SA	127.5	6.9	4.4	-1.0	9.7
WA	336.0	11.4	11.1	2.6	25.8
Tas	39.6	8.0	1.8	-0.4	9.3
NT	42.9	21.3	7.6	-2.9	35.0
ACT	61.7	14.3	4.4	5.7	27.1
Australia	2,360.8	8.7	7.2	0.0	15.8

(a) Differences between the total increase and the sum of the natural increase, net overseas migration and net interstate migration reflect the intercensal discrepancy.

Internal Migration

People who move within the same State or Territory (intrastate migration) as well as people who move between States affect the growth of cities, towns and local regions. Of the people who were counted at the 1991 Census who were resident in Australia in 1986, 6.1 million had changed their place of usual residence since 1986. Hence, when arrivals from overseas are taken into account, 40 percent of the population change dwellings at least once every five years - a large potential market for those providing the various services required.

In general, since 1981 interstate migration has been northwards on the east coast and westwards to the west coast. Queensland has consistently recorded relatively high net gains (arrivals less departures) from all States and Territories with most of its gains coming from NSW and Victoria. WA and the ACT have consistently recorded net interstate gains (although the WA net flow was negative in 1991-92). NSW and Victoria have both recorded consistently high net losses, while SA and Tasmania have recorded fluctuating patterns (positive flows in some years and negative flows in other years). The NT recorded net gains up to the mid- 1980s but since then it has recorded net losses.

Urbanisation

Urbanisation is a strong characteristic of Australian settlement. In 1991, 85 per cent of the population lived in urban areas (settlements with a population of 1,000 and over).

The dominant urban areas in Australia have always been the capital cities, with 11 million people in 1991 (or 63 per cent of Australia's population) living in the six State and two Territory capital cities (see Table 2). Over the decade 1981 to 1991, Brisbane, Perth, Canberra and Darwin grew

at rates significantly higher than the national average, although Darwin grew very little in the last few years of the decade.

TABLE 2. POPULATION OF CAPITAL CITIES

Capital city (statistical divisions)	Estimated resident population ('000)		
	1981	1,991	10 year growth (per cent)
Sydney (a)	3,279.5	3,672.9	12.0
Melbourne (a)	2,806.3	3,156.7	12.5
Brisbane (a)	1,096.2	1,358.0	23.9
Adelaide (a)	953.7	1,057.2	10.8
Perth	922.0	1,188.8	28.9
Hobart	171.1	187.0	9.2
Darwin (a)	56.4	76.7	36.1
Canberra (a)	226.4	288.2	27.1
All capital cities	9,511.6	10,985.5	15.5

(a) Minor boundary changes have occurred between 1981 and 1991.

As well as a pattern of different growth across the capital cities, there are different patterns of growth within these cities. One pattern which has been evident in the larger cities, especially Sydney and Brisbane, is the slowing of the population decline in the inner city suburbs. These areas were where growth occurred in earlier times, but children as they grew older, left to make their own households. Later on, the parents vacated the homes, either through death or through moving to a retirement home. The decline in population was slowed when the cost of renovation or redevelopment was seen as being offset by the advantages of inner-city living, and new families were attracted into the area.

Urban centres other than capital cities have increased their share of the population, indicating a shift in the focus of growth from metropolitan centres to regional cities and towns, and rural areas. This growth is mainly concentrated in the New South Wales and Queensland coastal areas. Escalating housing prices in the capital cities, particularly Sydney, policies of decentralisation in both the public and private business sectors, and improved public transport, along with a desire for a better quality of life (especially for people who have retired), have probably contributed to this shift to smaller urban areas.

Although the proportion of population counted by the census in rural areas (areas outside of urban centres of 1,000 or more people) increased slightly between 1981 and 1991, settlement mainly occurred in areas adjacent to urban centres. Although small, the increase in the rural population was common to most States (only in Western Australia and the two Territories were there decreases). The largest increase was in Queensland, where the population in rural areas rose 30 per cent, concentrated in the coastal areas (particularly those areas adjacent to the Gold Coast, the Sunshine Coast, Cairns, Townsville, Rockhampton and Bundaberg). Growth in the rural population of New South Wales was also high in areas around popular growth centres on the coast.

POPULATION PROJECTIONS

According to the latest available projections made by the ABS (which are based on several combinations of assumptions reflecting past trends in births, deaths and migration), the total population of Australia is likely to increase to between 19.5 and 19.8 million in 2001, and

between 21.0 and 22.1 million in 2011.

The projected population increases at a declining rate. The average annual growth rate is between 1.2 and 1.4 per cent until 2000, and between 0.8 and 1.1 during 2001-2010. Without overseas migration, the projected total population would peak at about 19 million around 2025, and then start to decline marginally.

Age distribution

The projected population ages progressively due to the increasing proportion of the elderly (aged 65 years or more) and the decreasing proportion of children (aged 0-14 years). In brief, the number of persons aged 0-14 years is projected to be between 3.7 and 4.1 million in 2011; the population of working age (15-64 years) is projected to increase to between 14.4 and 15.0 million in 2011; and the number of persons aged 65 years or more is projected to increase to between 2.94 and 2.98 million in 2011. The projections also show significant increases in the number of persons aged 80 years or more.

State/Territory distribution

The populations of Western Australia, Queensland and the ACT are projected to grow at rates higher than the national average, while for New South Wales, Victoria, South Australia and Tasmania the projected rates are lower. For the Northern Territory the growth rate is either higher or lower than the national average, depending on which assumptions are used.

FAMILY AND HOUSEHOLD COMPOSITION

Over the last two decades or so, the pattern of formation of Australian families has changed substantially. The age at first marriage has continued to rise, and the teenage marriage rate is now at its lowest level. Fewer people are opting for formal marriage and the number of defacto unions has risen. The divorce rate has also risen, as has the proportion of remarriages. The average number of children a woman of child bearing age could be expected to give birth to in her lifetime remained reasonably steady throughout the 1980's, at 1.9. This is currently well below the long-term population replacement level (ie without overseas migration, Australia's population will at some stage start to decline). These factors, along with the changing age composition of the population, are resulting in changes to the structure and size of households and families.

Changing household composition

In 1991, 73 per cent of the 5.9 million households counted in the census were family households. Of the 1.5 million non-family households in Australia, over 1.1 million were one person households, nearly 260,000 were group households, and there were about 110,000 visitor only households.

The number of non-family households increased in the 1980s to make up 25 per cent of all households by 1991. One person households are more likely to consist of elderly persons, while most group households consist of young people. This growth in non-family households is likely to continue because of the projected increase in persons aged 65 years and over and the consequent increase (assuming mortality differentials between the sexes are maintained) in widows.

Increasing numbers of the population are surviving through to older ages, either as one or two person households, and this has important implications for the future mix of dwelling stock required in Australia.

Notwithstanding the faster increases in non-family households, the dominant family type still

contains two parents. In 1991, 53 per cent of all families were two parent families. Couples with dependent children accounted for 36 per cent of all families, couples with dependent children and an adult family member accounted for 8 per cent, and couples with non-dependent children comprised the remaining 9 per cent. Thirty-one per cent of all families were couples without children living at home. One parent families made up 13 per cent of all families, and families of related adults made up the remaining 2 per cent.

While between 1981 and 1991, the average number of children a woman could be expected to give birth to in her lifetime remained at 1.9, changes are occurring at different age groups. Fertility is rising among women aged 30-44 but this is being offset by falling rates amongst younger females.

Declining household size

Between 1981 and 1991 the number of households increased by 18 per cent, while the population only increased by 16 per cent. This indicates that average household size has declined; in fact, by 1991 it had fallen to 2.5 persons per dwelling from an average of 3.9 persons in 1947.

There are some differences between States which are largely due to the different age structures in each State or Territory. South Australia has the oldest population, and in 1991, had the lowest average number of persons per dwelling at 2.4; the Northern Territory and the ACT, with the youngest populations, had the highest averages at 3.0 and 2.7 respectively; while the other States had either the national average or close to it.

The number of households with five or more people decreased between 1981 and 1991, especially in the largest size categories. Households with less than five people increased, and the smaller the size of the household, the greater the increase. The very large increase in one person households (of nearly 45 per cent over the decade) is worth highlighting. Two member households remained dominant between 1981 and 1991. Table 3 shows that in 1991, 27 per cent of all households had two persons in them.

TABLE 3. NUMBER OF CENSUS HOUSEHOLDS BY HOUSEHOLD SIZE, AUSTRALIA

Number of persons	1981		1991		
	Number of households	Per cent of total households	Number of households	Per cent of total households	Per cent change since 1981
1	839,300	18.0	1,216,255	18.8	44.9
2	1,361,530	29.2	1,765,182	27.3	29.6
3	788,915	16.9	965,948	14.9	22.4
4	890,769	19.1	993,427	15.4	11.5
5	488,145	10.5	478,682	7.4	-1.9
6	191,451	4.1	167,463	2.6	-12.5
7	65,763	1.4	34,542	0.5	-47.5
8+	43,036	0.9	20,821	0.3	-51.6
Total	4,668,908	100.0	5,642,320	100.0	38.6

These changes in household size (other things being equal), may be expected to point to a demand for smaller size dwellings. But, other than a growing demand for a more diverse housing stock, the average size of houses has continued to increase. This is shown by progressive rises in the size distribution of occupied private dwellings counted in the censuses as measured by the

number of rooms, as well as an increase in the floor space of new private homes (eg from 130 square metres in 1970 to 187 in 1989).

DWELLINGS

Between 1947 and 1991, the number of dwellings counted in the census more than tripled, from 1.9 million to 6.5 million. Of these 6.5 million dwellings, 9.3 per cent were unoccupied.

Type of dwellings

About three quarters of Australian dwellings are separate houses. However, other residential dwellings such as flats and townhouses have formed an increasing proportion of the total dwelling stock since the 1950's, when separate houses accounted for around 85 per cent of all dwellings.

In major urban areas (centres with a population of 100,000 or more), separate houses in 1991 accounted for 72 per cent of all dwellings, only slightly fewer than in 1981. In other urban areas (centres with a population of 1,000 to 99,999) separate houses accounted for 85 per cent of dwellings in 1981, and 80 per cent in 1991, while in rural areas nearly 90 per cent of all dwellings were separate houses.

ATTITUDES AND PREFERENCES

There have been several surveys conducted in recent years which shed some light on why people move residence, their preference for location or type of dwelling, and their attitudes to housing development. These surveys relate to residents of Sydney, Adelaide, Perth, Brisbane and Canberra. Some of the more interesting results relevant to population movements follow.

Housing decisions taken by recent movers

In general, the reasons for moving were consistent in all cities but differed according to tenure. Private renters mainly moved because of family or work changes, first home buyers moved to purchase homes, and changeover buyers mainly moved to increase the size or quality of their home. Movers in Canberra were more likely to cite work related influences than in other cities.

Movers in Sydney and Melbourne placed much more importance on the neighbourhood than on the dwelling. In Canberra, the reverse was reported, while Adelaide movers placed equal importance on neighbourhood and dwelling.

Sydney stands out, in that affordability is the most important reason for choosing the area (overwhelmingly for first home buyers). For changeover buyers in Sydney, while affordability is still important, 'neighbourhood characteristics' become more important, suggesting that many people get into housing first then look to buy a home in an area that they like or know. In the other cities, 'neighbourhood characteristics' are the most important reason for choosing an area. Private renters in all cities stated that proximity to work was the most important reason in choosing the area.

Price was more likely to be an issue in choosing a particular dwelling in Sydney and Melbourne than Adelaide and Canberra, even though it was still an important consideration reported in the latter cities.

Housing intentions of intending movers

In general, households intending to move prefer separate houses, consistent with the overall distribution of dwellings in Australia, although those in separate houses are much more likely to expect to move to another separate house than are those currently in other types of dwellings. The expectation to remain in a 'separate house' is strongest in Canberra, and weakest in Sydney.

Of those who plan to move into housing other than a separate house, the great majority intend to move into a one or two storey town house or similar dwelling, or a one or two storey flat or apartment building. In Sydney there is a relatively high number of persons intending to move into dwelling structures with two or more storeys.

Attitudes to housing

A survey of Queensland households conducted by the ABS in October 1991 asked some questions on attitudes to housing. While there was a very high level of agreement with statements on the need for a variety of dwelling types and sizes, there was significant disagreement with the statement "there should be no increase in the number of dwellings in this (the respondent's) area" and a majority disagreeing with statements "urban sprawl should be stopped", "I would consider living in a dwelling other than a separate house", and "I am in favour of smaller residential blocks". With all of these latter statements, there was less disagreement from households in the inner suburbs of Brisbane.

SUMMARY

Study of population changes and movements and the pattern of formation of families and households can be summarised as follows:

- Fertility is continuing to decline, reducing population growth and household size.
- Overseas migration is an important contributor to population growth and without further migration Australia's population would start to decline from around 2025.
- The population is ageing, with an increasing percentage of persons aged 65 years or more and a decreasing percentage of persons aged 0-14 years. The life expectancy of males and females has increased, and females are continuing to live longer than males.
- The proportion of family households is declining and the proportions of one person and group households are increasing. This is reflected by the fall in the number of persons per household, which means the demand for housing is rising faster than the population is growing.
- Queensland, WA and the ACT have been growing faster than the national average, lifting the demand for housing in these states and territory.
- Brisbane, Perth, Canberra and Darwin have been growing over the past decade at rates significantly higher than the national average, although Darwin has grown very little in the past few years.
- Urban centres other than capital cities and adjacent rural areas increased their share of the population - this growth is mainly concentrated in NSW and Queensland coastal towns and surrounding areas.
- Interstate migration has been northwards on the east coast and westwards to the west coast.

- Residential dwellings other than separate houses, such as flats and townhouses are forming an increasing proportion of the total dwelling stock.

This feature article was contributed by John Cornish, Demography section, ABS.

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